

Stateline Midwest

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MLC Annual Meeting Edition

THE MIDWESTERN OFFICE OF THE COUNCIL OF STATE GOVERNMENTS

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Bridging partisan divide

Brownstein: Period of political volatility demands more compromise, but elected officials are being pulled apart

by Tim Anderson (tanderson@csg.org)

In political terms, two years seems like a long, long time ago.

In the Midwest, Barack Obama had captured victories in seven of the 11 Midwestern states, and Democrats had gained control of a majority of the region's partisan legislative chambers and governorships.

Nationally, acclaimed political journalist Ron Brownstein noted in a July speech to the region's state legislators, Democratic leaders thought they had discovered "the mystical beast of a realigning election" — such as the ones in 1828, 1860, 1896 and 1932 in which one political party established itself as the dominant political party for an extended period of time.

The 2010 elections dispelled that notion, in striking terms: Republicans enjoyed the largest mid-term electoral victory for either party since 1938.

At the state level, for example, the GOP had a net gain in state legislative seats of more than 25 percent in the Midwest. The party took control of 17 of the region's 20 partisan legislative chambers, and nine of the Midwest's 11 governors are now Republican (the highest number since 1996).

Just as the 2010 results had wiped away the Democrats' thoughts of political hegemony, so too had the 2006 and 2008 elections done the same for Republicans. (After President George W. Bush had won re-election in 2004, his political advisers were claiming to have secured a narrow but stable majority for Republicans.)

In these topsy-turvy results, Brownstein said during his keynote speech to the Midwestern Legislative Conference, there lies a lesson for the nation's elected officials: We are in an era of heightened political volatility, and it is a period (unlike the supremacy of any one political party) that appears to have staying power.

"There is not a stable majority that is ideologically attached to the agenda of

Thank you to MLC meeting participants and contributors

The Midwestern Office of The Council of State Governments would like to thank the legislators and outside contributors that made the 2011 MLC Annual Meeting in Indianapolis a success.

Indiana Rep. Scott Reske, chair of the Midwestern Legislative Conference, and his colleagues in the Indiana General Assembly helped lead planning efforts for the four-day event, which took place in July and attracted 500 people.



This edition of *Stateline Midwest* highlights some of the policy sessions and MLC committee meetings held during the meeting, as well as some of the actions taken by the region's legislators. More information on the meeting — including photos and speaker presentations — is available at www.csqmidwest.org.

either party," he said, "or that has faith, in just a practical, pragmatic sense, that either party has answers to the biggest problems facing the country."

How do we jump-start the economy? How do we deal with debts and deficits? How do we enact comprehensive reforms of immigration and energy policy?

The gravity of these issues and the political volatility of the times (when no one party can count on a sustained majority and some divided control of government is likely) demand bipartisanship.

Instead, Brownstein said, the country is getting one of two inadequate policy responses. One is immobilization — noth-

ing gets done. The second is "polarized advance," when one party unites and is able to impose its will.

"We are using half the tools in the toolbox. I personally do not believe that most of our problems are amenable to solution that way," he said. "We need a broad range of responses that are possible to legislate only when both parties are sharing the responsibility for providing the majorities."

Without this consensus, he believes, most policy responses are doomed to be insufficient or short-lived.

But this need for bipartisanship is coming as multiple factors pull elected

► PLEASE TURN TO PAGE 5



Acclaimed journalist Ron Brownstein delivers the keynote address at the Midwestern Legislative Conference Annual Meeting. The MLC met this summer in Indianapolis. In his talk, Brownstein examined the forces behind the rising level of volatility and partisanship in today's political system. Despite the forces working against compromise between the two major political parties, Brownstein said, it is needed now more than ever before to deal with the nation's economic and policy challenges.

In July, the five policy committees of the Midwestern Legislative Conference held meetings on the first day of the MLC Annual Meeting in Indianapolis. This month's Issue Briefs section summarizes some of the policy issues discussed at the MLC Agriculture & Natural Resources, Economic Development, Health & Human Services, and Midwest-Canada Relations committee meetings. A story on the MLC Energy Committee can be found on pages 6 and 7.

Health & Human Services

Eyeing 2014 federal deadline, states begin working to set up health insurance exchanges

On the calendar, 2014 seems like a long way off. But when it comes to preparing for health care reform, it's just around the corner for state policymakers.

Right now, states are working to set up health insurance exchanges, which are required under the federal Affordable Care Act. This topic was the subject of a workshop held at the annual meeting of the Midwestern Legislative Conference Health and Human Services Committee in July.

If a state chooses not to set up its own exchange, the federal government will step in and create one on the state's behalf, said David Mannis, information manager for the Vermont Department of Banking, Insurance, Securities and Health Care Administration. Mannis, an expert in health insurance exchanges, led the workshop.

During the subsequent roundtable discussion, many attendees said it would be in their states' best interests to shape their own programs rather than allowing the federal government to step in. Policymakers from around the Midwest shared their states' experiences so far in planning and

implementing the exchanges.

According to Mannis, exchanges will allow consumers to:

- determine eligibility for federal subsidies and state Medicaid programs;
- compare available coverage options and plans; and
- buy health care coverage.

But before states can launch their exchanges, they have to decide how the programs will be structured. For example, a state has the option of designating or creating a public, quasi-governmental or nonprofit agency to administer its exchange. It can also opt to merge the individual and small-group insurance markets, among other market reforms.

In addition, states must offer consumers the chance to determine Medicaid eligibility. Some states also offer their own health care programs, and need to determine whether to include eligibility and enrollment in the exchanges.

Some states will need to pass legislation to autho-

rize entities to begin implementing the exchanges. Illinois and North Dakota have passed legislation expressing their "intent to establish an exchange," according to the Kaiser Family Foundation.

In January, Indiana Gov. Mitch Daniels signed an executive order establishing a nonprofit corporation to operate the state's exchange. No other Midwestern states had taken legislative or executive action as of late July. (More information on states' implementation of health care reform can be accessed at <http://healthreform.kff.org/the-states>.)

Federal funding is available for planning and implementation of the exchanges, but the systems must be self-sustaining by 2015.

Most states received a \$1 million planning grant last year, and a variety of other funding opportunities are available as well. Indiana, for example, received a \$6.8 million Exchange Establishment Grant this year. Kansas and Wisconsin were named "early innovators" in information technology related to state exchanges and received \$32 million and \$38 million, respectively.



Iowa Rep. Renee Schulte, Michigan Sen. Bruce Caswell and Indiana Rep. Richard Dodge participate in a discussion during last month's MLC Health and Human Services Committee meeting.

Brief written by Kate Tormey, staff liaison for the Midwestern Legislative Conference Health & Human Services Committee. She can be reached at ktormey@csg.org. The committee's co-chairs are Illinois Sen. Mattie Hunter and South Dakota Sen. Jean Hunhoff.

Economic Development

Report lays out blueprint for more collaboration, less competition among states

The 11 states of the Midwest form an interdependent, collective economy, and thus, it makes no sense for the states to compete over jobs and business locations.

This was the conclusion reached in a recent report by the Midwestern Legislative Conference Economic Development Committee, which was unveiled to lawmakers at the group's July meeting in Indianapolis and was a focal point of discussions on how to proceed with policies that foster more interstate collaboration.

The report, "Building a Competitive Midwest through Regional Collaboration," summarizes the findings of a webinar series hosted by the MLC earlier this year.

The first webinar detailed the interconnectedness and interdependency of state economies in the region.

The next five covered specific areas of potential collaboration: early-stage and venture capital investment; energy policy; higher education reform; exports; and the branding and marketing of the region and its assets.

At the July meeting, lawmakers touched on many of the themes of the series and its final report during a roundtable discussion led by John Austin of the Brookings Institution. These include:

- Policies that reinforce economic competition among states and communities detract from statewide and regionwide growth.
- Industries and supply chains do not stop at political boundaries; neither should efforts to revitalize the region's economy.
- Policies that promote sector-specific strategies and economic clusters will lead to more collaborative approaches.
- State government needs to better engage the private sector about the benefits of collaboration.
- The region's traditional strengths in manufacturing and agriculture can be the base for future growth.



Ohio Rep. Ted Celeste and South Dakota Sen. Mike Vehle, co-chairs of the MLC Economic Development Committee meeting, lead a session at the group's July meeting.

What should be the focus of future state collaborative efforts? The committee identified several areas that it believes would improve the region's economic environment and that have the most potential for interstate cooperation.

- **Develop a multi-state export and branding strategy:** Establish regionwide policies that highlight the Midwest's agricultural and manufacturing sectors and products, as well as its high-value services.
- **Keep homegrown, college-educated talent:** Create a regional graduate tracking system and identify strategies that encourage highly educated young people to stay in the region, including tuition incentives, internships and alumni outreach.
- **Strengthen the infrastructure:** Improve the transportation system (including high-speed and freight rail, ports, air and shipping) to support supply-chain integration and export activity, while also developing a regional broadband and cyber infrastructure.
- **End the "zero-sum game" of some economic development policies:** Limit the use of tax incentives, and instead focus on "grow your own" policies, such as a "gardening" model that focuses on supporting existing businesses.

For a copy of the final report, as well as presentations from the webinars, visit www.csgmidwest.org.

Brief written by Laura Tomaka, CSG Midwest staff liaison for the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltomaka@csg.org. The committee's co-chairs are Ohio Rep. Ted Celeste and South Dakota Sen. Mike Vehle.

Midwest-Canada Relations

Lawmakers look to keep border issues from impacting vital U.S.-Canada business relationship

Canada is the largest trading partner of every state in the Midwest.

It is a close economic relationship that relies on an open border to operate efficiently and securely. (In 2010, the value of cross-border trade between Canada and the U.S. was \$1.8 billion each day, according to federal data, and more than 11 million total jobs were dependent on this bilateral relationship.)

At the July meeting of the MLC Midwest-Canada Relations Committee, lawmakers from both countries discussed the importance of the trade partnership and, specifically, how to ensure that the border does not get in the way of business.

That is also a major topic of conversation between President Barack Obama and Prime Minister Stephen Harper as they attempt to implement a new border initiative.

The initiative, announced earlier this year as the Declaration on a Shared Vision for Perimeter

Security and Economic Competitiveness, has four major components:

- Address security threats before they reach North America through improved intelligence and information-sharing;
- Facilitate trade and economic growth by more efficiently and effectively managing the flow of trade and traffic between the U.S. and Canada;
- Expand upon existing cross-border law enforcement efforts to jointly identify and prevent people and organizations from committing crimes; and
- Develop a bilateral approach to making border-related improvements to infrastructure and cyber-security.



George Costaris of Canadian Consulate General-Detroit, Marvin Schneider of the provincial government of Alberta, Saskatchewan MLA John Nilson, Michigan Rep. Paul Muxlow and Iowa Sen. Eugene Fraise take part in the MLC Midwest-Canada Relations Committee meeting in July.

John Ibbitson, Ottawa bureau chief for the Globe and Mail newspaper, told the Midwestern Legislative Conference committee that this new border initiative “began out of a loss of trust between the U.S. and

Canada,” including concerns that it was too easy for terrorists or weapons to cross the border.

The declaration is now being called the “Beyond the Border Initiative,” a reflection of the countries’ new focus on continental security: working coopera-

tively to protect the perimeter of the continent.

There is resistance to this approach on both sides of the border — with concerns raised about privacy and national sovereignty. Under any final agreement, both countries are likely to share more information about people entering each country from overseas, with biometric and other data more readily available to U.S. officials.

“Canada has to give up some autonomy [over information and security] in return for a more open border,” Ibbitson said.

At the July meeting, Bernard Swiecki, director of market analysis at the Center for Automotive Research, gave examples of how current inefficiencies at the border and trade regulations add costs to consumers and burdens to U.S. and Canadian businesses.

For instance, one shipment of 4,000 automobiles from Korea to the United States gets a single inspection at a U.S. port. In contrast, the same number of cars built in Canada and the U.S. can go through 28,000 customs transactions as parts and partly assembled vehicles criss-cross the border. The result, Swiecki said, is an added cost of \$800 for every car built in the two countries.

The committee sponsored a resolution (later adopted by the full MLC) endorsing the Beyond the Border Initiative. Committee members are urging federal officials to speed up border processing and to pursue ambitious goals through the ongoing, bilateral discussions.

Brief written by Ilene Grossman, CSG Midwest staff liaison to the Midwestern Legislative Conference Midwest-Canada Relations Committee. She can be reached at igrossman@csq.org. The committee’s co-chairs are Kansas Sen. Ray Merrick and Ontario Legislative Assembly Speaker Steve Peters.

Agriculture & Natural Resources

Ethanol-fueled rise in corn prices a double-edged sword for region

How much is increased ethanol use impacting the cost of the food we eat, the feed used by poultry and livestock producers, and the gas we use in our cars?

These are all critical questions for policymakers in the rural Midwest, and were the topic of presentations and roundtable discussions at the July meeting of the Midwestern Legislative Conference Agriculture and Natural Resources Committee.

Research has shown that historically, there is a limited relationship between changes in corn prices and the price of food.

This is because the farm value of grains used in retail food is less than 16 percent of total food costs. The corn in corn flakes or the wheat in bread accounts for only a small proportion of the price of that product. As a result, doubling the price of corn in the corn flakes adds only about a dime to the final cost of the cereal.

But the story is much different when it comes to poultry and livestock production: Grain costs are more than 60 percent of the cost of production in these agricultural sectors. Increases in the cost of corn, a primary feed grain, immediately impact the cost of producing meat and eggs.

And while many factors can cause the price of corn

to rise (the floods of 2011 and recent extreme heat, for example, have impacted yields), the effects of ethanol have been receiving particular scrutiny, because about 40 percent of the U.S. corn crop is now used for production of this biofuel. Livestock producers are understandably worried about how the increased use of corn for fuel is impacting the price of animal feed.

But there may not be relief in sight for these livestock producers, in part because of the impact that ethanol has had on the price of gas, Iowa State economics professor Dermot Hayes told legislators at the MLC meeting.

According to Hayes, between 2000 and 2010, growth in ethanol production reduced the price of gasoline by an average of 25 cents per gallon. The higher crude oil prices seen in 2010 have resulted in an even greater impact, with ethanol production reducing per-gallon prices by 89 cents, Hayes said.

His research shows that beginning around 2006, as a result of the use of ethanol to replace increasing quantities of gas, corn prices became more dependent on the price of oil than on the supply of corn itself.



North Dakota Sen. Tim Flakoll, Kansas Sen. Carolyn McGinn, Nebraska Sen. John Nelson and Michigan Sen. Darwin Booher listen to a presentation at the MLC Agriculture & Natural Resources Committee meeting.

During an ensuing discussion of Hayes’ presentation, Indiana Republican Rep. Don Lehe voiced concerns about the impact of increasing corn prices on livestock producers, wondering if the current federal ethanol mandate (refiners are being required to use more than 13 billion gallons this year) would

be relaxed if corn prices continued to increase.

Hayes said relaxing the mandate would be the equivalent of shutting down more than 10 percent of the nation’s refining capacity, which he added would result in at least a 42 percent increase in gasoline prices. This would be a politically unacceptable move.

As a result, with today’s high oil prices, it appears that the livestock industry has little choice but to compete with ethanol for corn, and will likely continue to shrink in response to higher feed costs.

For many communities in the Midwest, the livestock industry is the lifeblood of their economies. On the other hand, ethanol production has been a boon for many farmers, and higher corn prices increase revenue as well.

Brief written by Carolyn Orr, CSG Midwest staff liaison to the Midwestern Legislative Conference Agriculture and Natural Resources Committee. She can be reached at corr@sarl.us. The committee’s co-chairs are Kansas Sen. Carolyn McGinn and North Dakota Sen. Tim Flakoll.

At MLC meeting, a call for new policies on sales taxes, invasive species and agriculture

Twelve policy resolutions were adopted this year by the Midwestern Legislative Conference, most of which are designed to give states and the region a voice on key federal policies and programs.

Passed in July by legislators who attended the MLC Annual Meeting, the resolutions urge federal action on a number of issues, from sales tax collections and the environment, to trade and agriculture.

With regard to tax policy, the MLC endorsed the Main Street Fairness Act, a congressional proposal that would allow states to require online retailers to collect sales taxes. The MLC’s action on the environment centered on concerns about invasive species, particularly the potential of Asian carp coming to Lake Michigan via the Chicago Area Waterway System. Legislators called on the U.S. Army Corps of Engineers to accelerate the time line of its study that aims to identify solutions to this ecological problem.

Most of the other policy statements passed at the meeting dealt with one of two subjects: cross-border trade and agriculture.

Cross-border trade and tourism

- Seeking to build on state and provincial efforts to develop enhanced driver’s licenses and identification cards, the MLC asked the U.S. and Canadian governments to accept these documents for air travel between the two countries.
- The MLC also urged the U.S. and Canadian government to implement a new bilateral trade and security agreement (see page 3 for details).

Agriculture

- In advance of federal farm bill reauthorization, the MLC laid out its priorities for the region, including maintaining a “strong safety net” for producers, continuing working-land conservation programs and investing in agriculture research.
- The MLC urged the Federal Motor Carrier Safety Administration to continue exempting farm equipment and drivers from regulations that apply to commercial vehicles and drivers.
- Noting the agricultural sector’s reliance on migrant and immigrant labor, the MLC voiced its support for comprehensive immigration reform.
- In a resolution directed to the Federal Communications Commission, legislators asked the FCC to ensure that there is no interference with existing GPS signals before proposed satellite/terrestrial networks are permitted to expand. This policy statement is a response to a proposed nationwide network that the MLC says could have “a serious impact” on the agricultural industry.
- The MLC voiced its support of the findings of a U.S. Government Accountability Office report on the unintended consequences of ending domestic horse processing. The same resolution urged the federal government not to interfere with state efforts to sustain the industry.

All 12 MLC resolutions can be viewed at www.csgmidwest.org/MLC/resolutions.aspx. Ohio Rep. Armond Budish served as chair of the MLC Resolutions Committee at the July meeting.

Turbulent economic, political era ahead for ‘patchwork Midwest’

In 1950’s “All About Eve,” Bette Davis utters the famous quote: “Fasten your seat belts. It’s going to be a bumpy night.” Considering how fractured the country is, and the continuing toll wrought by the Great Recession, state legislators in the Midwest might want to be thinking about fastening their own seat belts.

That was the message of Dante Chinni, co-author of “Our Patchwork Nation” and a speaker at the Midwestern Legislative Conference Annual Meeting in July.

Although states tend to think of themselves as individual entities, Chinni said, their demographic story is more complicated. Using a wide variety of data, Chinni explains these nuances by breaking America into 12 different community types.

“Service worker centers,” for instance, are small and mid-sized towns with lower-than-average median household incomes whose economies are fueled by local stores, restaurants and hotels. Most counties in the northern parts of Michigan and Wisconsin, as well as much of Indiana and the southern parts of Illinois and Ohio, are classified by Chinni as service worker centers. Many of these communities are reeling from the loss of small manufacturers.

“There are a lot of them in the Midwest,” Chinni said. “I think economically going forward, these places are a big challenge, and we’ve got to figure out how to handle [the challenge] as a country.”

Meanwhile, the political allegiance of people in these areas is up for grabs.



At the Midwestern Legislative Conference Annual Meeting in Indianapolis, Dante Chinni discusses his Patchwork Nation project and the economic forces impacting the region’s communities.

“They tend to vote conservative,” Chinni said. “They’re culturally conservative, they don’t like big government, they don’t like big cities very much. “But they will [sometimes] switch their vote. ... Their vote is going to be very important in 2012.”

For generations, one common trait of many different community types in the Midwest has been their reliance on manufacturing, but that is changing. Chinni instead points to the region’s “campus and career” centers as being hubs of regional economic growth. These areas have low unemployment rates, a lot of young people and an educated workforce.

“Big Ten universities, that’s something to really work off of,” Chinni said. “There’s a lot of intellectual capital in those places. ... I would take the leading one or two universities and do what I can to build business around them.”

Investments in education may yield long-term dividends for states, but in the meantime, political leaders must navigate through a period in which economic stress and public anger are high: In six of the 12 “Patchwork Nation” communities, median family income shrunk between 1980 and 2010. This will eventually lead to a populist movement of some kind, Chinni said, but the form it will take is unclear.

“Some people in these places are very angry,” he said to lawmakers. “Something is coming, I just don’t know what it’s going to look like yet.”

Article written by Jennifer Ginn, associate editor for CSG. She can be reached at jginn@csg.org.

12 types of communities identified in “Patchwork Nation”			
Community type	Description	Jobless rate (U.S.)	Examples in Midwest
Monied ‘Burbs	wealthier, highly educated with a median household income of \$15,000 above U.S. county average	8.1%	suburbs of region’s largest cities
Minority Central	large pockets of black or Native American residents but a below-average percentage of Hispanics and Asians	10.4%	heaviest concentration in western half of South Dakota; most prevalent in U.S. South
Evangelical Epicenters	high proportion of evangelical Christians (mostly small towns and suburbs)	9.1%	handful of counties scattered across Midwest; most prevalent in U.S. South
Tractor Country	mostly rural and remote with older populations and large agricultural sectors	5.9%	most counties in western part of Midwest (heaviest concentration in U.S.)
Campus and Careers	secular cities and towns with young, educated populations	7.5%	communities near region’s large public universities; Illinois has highest concentration in Midwest
Immigration Nation	communities with large Latino populations and lower-than-average incomes	10.8%	several counties in southwest Kansas; most prevalent in U.S. Southwest
Industrial Metropolis	densely populated, highly diverse urban centers	9.8%	Midwest’s largest cities
Boom Towns	growing fast with rapidly diversifying populations	8.7%	heaviest regional concentration along Minnesota-Wisconsin border
Service Worker Centers	mid-sized and small towns with economies fueled by hotels, stores and restaurants	8.6%	most counties in northern Michigan, Wisconsin; majority of Indiana counties
Empty Nesters	home to many retirees and aging baby boomers	8.7%	heaviest U.S. concentration in Iowa and Minnesota
Military Bastion	high employment in military/large veterans population	8.2%	six counties in northeast Kansas
Mormon Outposts	high population of Mormons	7.3%	none

Source: Patchworknation.org

Brownstein says legislative necessity of compromise is too often punished politically

officials from the two opposing parties apart: A more partisan media, the emergence of activist groups willing and able to mount primary challenges against individuals who stray too far from the party base, and more ideological homogeneity within the two parties and their respective electoral coalitions.

At the federal level, Brownstein said, the result is the emergence of “a quasi-parliamentary system without majority rule, which is a system unmatched in the world.”

“We have the highest levels of party-line voting since Reconstruction,” he noted, “and we also have the most filibusters, which require you to get 60 votes.”

This mismatch between the nation’s politics and legislative institutions leaves elected officials in a difficult spot.

“You are more likely to be punished for compromising too much rather than too little,” he said. “To me, that goes against the value-added [component] that politicians bring: finding compromise. That is their job. We need people to find solutions that a working majority can live with.”

Divided vs. one-party rule in Midwest

Recently completed legislative sessions in the Midwest reflect the contentious, challenging political environment in which state lawmakers are operating.

This year alone, minority-party caucuses in Indiana and Wisconsin took part in protracted legislative walkouts, Minnesota’s state government was shut down for nearly three weeks, and a budget impasse in Iowa caused the legislative session to run over by nearly two months.

These conflicts have occurred during a particularly challenging period for legislators. States continue to work through the worst fiscal crisis in generations as they deal with the future solvency of retirement systems for public employees and seek to reform their education, health care and corrections systems.

Unlike at the federal level, though, party control in many states in the Midwest is not divided.

One party controls both legislative chambers and the governor’s offices in eight Midwestern states (all but Iowa, Minnesota and Nebraska; in Nebraska, members of the Unicameral Legislature are elected on a nonpartisan basis).

If history is any indication, though, this single-party rule will be short-lived. Over the past 30 years, with the exceptions of North Dakota and South Dakota, some form of divided government has been predominant in every Midwestern state (see table).

And if Brownstein’s observations about the political volatility of the nation’s political system

Frequency of divided vs. one-party control in state government in Midwest over past 30 years			
State	% of years control has been divided	% of years controlled by Democrats	% of years controlled by Republicans
Illinois	70.0%	23.3%	6.7%
Indiana	66.7%	0.0%	33.3%
Iowa	76.7%	13.3%	10.0%
Kansas	56.7%	0.0%	43.3%
Michigan	70.0%	6.7%	23.3%
Minnesota	73.3%	26.7%	0.0%
Nebraska	*	*	*
North Dakota	40.0%	0.0%	60.0%
Ohio	50.0%	6.7%	43.3%
South Dakota	6.7%	0.0%	93.3%
Wisconsin	63.3%	20.0%	16.7%
* Members of the Nebraska Unicameral Legislature are elected on a nonpartisan basis. In that state, Republicans have had control of the governor's office for 18 years (60 percent) and Democrats for 12 (40 percent).			

hold true for states in this region, the members of parties in control today should be prepared to be in the minority — or at least be prepared to share power — in the near future.

“We have to determine whether we can find enough accommodation to move forward,” he said.

“Or whether we believe it is so difficult to resolve our differences, that we prefer to leave all of these problems, festering and unsolved, to our children.” ➤

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Information exchange for legislators

Future of transportation finance, nuclear energy, school reform and state budgets among issues discussed at MLC meeting

Transportation finance: With cut in federal dollars looming, states mull value of public-private partnerships

The possibility of reduced federal transportation funding and the potential of public-private partnerships as a tool for infrastructure development were two issues on the minds of participants in a roundtable discussion held during this summer’s Midwestern Legislative Conference Annual Meeting in Indianapolis.

Indiana Republican Rep. Ed Soliday, who led the discussion, said a plan put forward by U.S. House Transportation and Infrastructure Committee Chairman John Mica puts the future funding challenges for states in sharp focus.

“Congressman Mica has proposed a six-year surface transportation reauthorization act, and it limits federal spending to \$38 billion a year flat for the next six years,” Soliday told MLC attendees. “For my state, that would be a 40 percent cut in federal funding ... from current levels.”

The potential of a reduced federal commitment comes at a time of increasing infrastructure needs across the Midwest — including in the region’s agricultural areas, where farm-to-market roads are in need of a significant upgrade.

“When I was a boy, farmers brought their crops to market in a two-and-a-half-ton truck or less and a big farm was 500 acres,” Soliday recalled. “Today, farms of 4,000 acres are not uncommon, and crops go to market in an ‘18-wheeler’ — and the roads were not designed for an 18-wheeler.”

In seeking to meet their infrastructure needs, some Midwestern states and cities have turned to the private sector.

The Indiana Toll Road and Chicago Skyway, for example, have both been leased to private firms. In return, Indiana and the city of Chicago received billions of dollars. The city of Chicago has also leased its parking meters to private investors. This year, Michigan Republican Gov. Rick Snyder proposed a public-private partnership to build a new bridge connecting Detroit with Ontario. And in Ohio’s new two-year budget, Republican Gov. John Kasich has been given the authority to lease the Ohio Turnpike.

But public-private partnerships, or P3s, have had some growing pains. Chicago’s parking meter deal, for example, brought with it significant rate increases that vexed downtown commuters.

“I think we’ve learned from that lesson,” Illinois Democratic Rep. Robyn Gabel told fellow roundtable participants. “Any kind of contract we set up in the future, I don’t think we’re going to again say they can raise rates as high as they want.”

Illinois lawmakers passed legislation this year that authorizes P3s for the construction of new transportation projects while limiting the leasing of existing assets. If signed by the governor (he hadn’t acted on the bill as of early August), HB 1091 would require the General Assembly to approve all potential P3 projects.

Soliday warned, though, that extended state approval processes can scare off investors, as Indiana

Major revenue sources used by states for highways (2009)				
State	Federal funds	User fees	General fund	Bonds
Illinois	25.3%	47.5%	10.8%	15.6%
Indiana	35.6%	37.8%	0.02%	13.6%
Iowa	31.2%	51.1%	3.1%	0.0%
Kansas	30.9%	36.0%	2.1%	5.4%
Michigan	32.6%	48.3%	2.8%	10.0%
Minnesota	29.0%	40.8%	0.0%	7.6%
Nebraska	20.1%	27.1%	3.7%	0.0%
North Dakota	50.6%	42.2%	1.2%	0.0%
Ohio	24.7%	52.6%	0.45%	11.1%
South Dakota	52.1%	24.6%	0.0%	0.0%
Wisconsin	33.2%	47.2%	2.2%	10.6%

Source: Federal Highway Administration

discovered with its \$3.8 billion Toll Road deal.

“We had an offer of \$4.6 billion for the Toll Road, and while the legislature ... debated, we lost \$800 million,” he said. “In the business community, when you have a guy who’s got a billion dollars, he’s going, ‘You’re either in or you’re out.’”

“You want to make certain you don’t so burden your P3 with redundant approvals that you lose investment opportunities.”

Just as legislators have tried to reshape P3s to better protect the public interest, the investment community is pushing back and making demands of their own, said Indiana Democratic Rep. Terri Austin.

“When P3s were first introduced, it was almost as if the private sector was assuming the majority of risk,” she said. “Now that we’ve got a recession and states are scrambling for dollars, and we’re going to see a much reduced allocation probably from the transportation reauthorization bill, what’s happening is the investment community senses that and they are pushing back and demanding more.

“Hence the ability [for them] to raise tolls or raise parking meter rates or whatever. They’re saying, ‘We’ll give you our money, but we want you to share more of the risk.’”

Article written by Sean Slone, senior transportation policy analyst for CSG. Sean facilitated the discussion in July among MLC Annual Meeting attendees. He can be reached at sslone@csq.org.

Nuclear energy: Disaster in Japan, new federal recommendations put renewed focus on key source of energy for region

After a “methodical and systematic review” lasting nearly four months, a special task force of the U.S. Nuclear Regulatory Commission has concluded that the nation’s nuclear plants “do not pose an imminent risk to public health and safety.”

The NRC organized the task force in the aftermath of the disaster at the Fukushima nuclear plant in Japan.

The work of the task force was watched closely by state policymakers and regulators in the Midwest, home to 30 operating nuclear power plants located in eight different states. (In the 11-state Midwest, nuclear power accounts for 17 percent of electricity generation, second only to coal. Indiana, North Dakota and South Dakota are the only states in the region without nuclear plants.)

A few days after the task force released its findings, the Midwestern Legislative Conference Energy Committee discussed the safety, security and future of nuclear power with three experts, including an officer with the NRC and a representative from President Obama’s Blue Ribbon Commission on America’s Nuclear Future.

Those experts delivered a message to the region’s state legislators similar to that in the task force report: U.S. nuclear power facilities are operating safely and can continue to do so.

Despite this good news, though, the NRC task force says the lessons learned from the Fukushima accident should be used to “clarify and strengthen the regulatory framework” for ensuring protection against natural events that could cause accidents.

The task force is recommending that the NRC require plant operators to re-evaluate the seismic and flooding hazards that their reactors face, with the intention of upgrading structures and emergency-preparedness plans where needed.

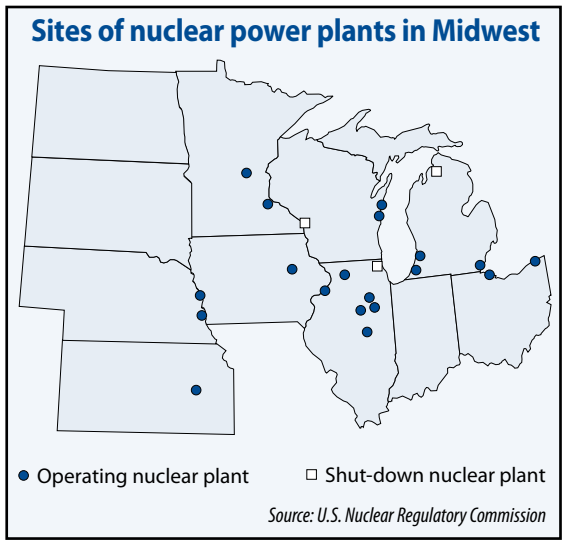
If the task force’s recommendations are fully implemented, reactor operators would also be required to re-evaluate these hazards every 10 years.

One near-term requirement would be for operators to install equipment in their spent-fuel storage pools so that workers would have remote access to real-time data on conditions.

Early in the cascade of events at the Fukushima plant, technicians had reason to suspect that the spent fuel in the storage pools had become exposed to air and caught fire. This turned out to be incorrect, and the situation created a serious distraction for the workers. If the workers had been given remote access to reliable data, they could have focused their attention on trying to avert a meltdown of the reactor cores.

NRC chairman Gregory Jaczko has pledged his support for having the full commission act on the task force’s recommendations within 90 days, with a five-year period for implementing the changes.

Along with raising new questions about the safety and operation of nuclear plants, the Fukushima ac-



cident called attention to one long-standing concern: the spent fuel lingering in storage at nuclear power plants across the country.

That problem is the result of the federal government’s inability — many decades in the making — to develop a national repository for permanently disposing of spent fuel and other highly radioactive waste. Until 2009, the U.S. Department of Energy had been planning to build the repository at Yucca Mountain in Nevada.

The Obama Administration scuttled those plans in early 2009, choosing instead to appoint a commission to identify a new national approach for the long-term management of spent fuel.

On July 29, after 18 months of study, the Blue Ribbon Commission on America’s Nuclear Future issued its draft report. The commissioners are calling for a new strategy that involves “prompt efforts” to develop one or more geologic disposal facilities as well as consolidated storage facilities.

To accomplish these tasks, the commissioners recommend establishing a new organization “dedicated solely to implementing the waste management program and empowered with the authority and resources to succeed.” The previous program had been managed by the DOE.

The commissioners advocated a new “consent-based approach” to siting facilities — encouraging communities to house a waste or storage facility, rather than establishing sites without local input.

If storage facilities are constructed, the report recommends that spent fuel from shut-down plants be “first in line” for transfer. Michigan and Wisconsin are home to two such sites, with a third plant (Zion Nuclear Power Station, in Illinois on the shore of Lake Michigan) undergoing decommissioning.

The MLC Energy Committee will continue to follow progress on any federal actions taken in the wake of the recent reports and recommendations.

On Oct. 28, a select number of legislators (including from the Energy Committee) and other state officials will be asked to participate in a public meeting in Minneapolis. At that meeting, the Blue Ribbon Commission will seek input on its proposed approach to nuclear waste management. ★

Article written by senior policy analyst Lisa Janairo, who coordinates the activities of CSG’s Midwestern Radioactive Materials Transportation Committee. That committee is co-hosting the Oct. 28 meeting in Minneapolis. Lisa can be reached at ljanaairo@csg.org.

School reform: Low graduation rates a worrisome mismatch with increased demand for skilled workers

America has a problem transitioning high school students to the world of higher education and the workforce.

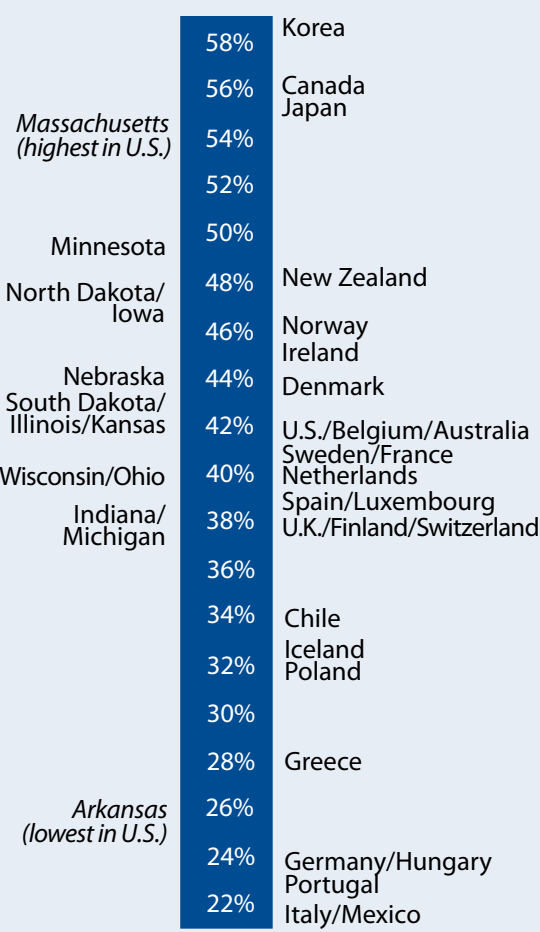
Three out of every 10 high school students don’t graduate. Of those who do earn their diplomas, about one-third aren’t ready for either college or the workforce.

“In periods of economic recession, in periods of economic downturn, folks with the least education suffer the most,” Sheri Ranis, program director at the Lumina Foundation, said during a session on college and career readiness at the Midwestern Legislative Conference Annual Meeting.

“We need more Americans with more education. ... They need to be able to achieve success if they enter a program for a credential or degree.”

Right now, many more people are entering these programs than are graduating from them.

Postsecondary degree attainment rates in Midwest compared to developed nations and select U.S. states (ages 25-34)



Source: Organisation for Economic Co-operation and Development

Data from the Midwest reflect this national education problem: According to The National Center for Higher Education Management Systems, the three-year graduation rate for associate’s-degree students (students who graduated within three years of beginning their associates program) ranges from a low of 15.2 percent in Michigan to a high of 37.0 percent in North Dakota. The six-year graduation rate for bachelor’s-degree students ranges from a low of 44.8 percent in South Dakota to a high of 62.9 percent in Iowa.

The positive difference that a degree can make on an individual’s economic success and well-being is well-documented.

But policymakers should also look at improved student outcomes as an economic stimulus for their states and the nation as a whole, Elizabeth Schneider, vice president of state advocacy and outreach for the Alliance for Excellent Education, said to lawmakers at the MLC session.

“By 2018, two-thirds of jobs will need some postsecondary education,” Schneider noted. “About half of new jobs will need industry certificates or associate’s degrees.”

Both Ranis and Schneider said one way states can help ensure that their K-12 students are better prepared is through the implementation of Common Core State Standards. Designed by education experts and adopted by more than 40 states so far, Common Core is an initiative of the Council of Chief State School Officers and the National Governors Association. It sets a baseline of what students should be able to do in English language arts and math by the time they graduate from high school.

“The standards really seek to align college and work experience requirements,” Schneider said. “The developers looked at the best state standards and also looked internationally. ... The goal is to [have] the same expectations across the board for all students, not higher [expectations] in higher-income ZIP codes and lower in lower-income ZIP codes.”

Higher, uniform standards is one way to improve college and career readiness. Another is

to improve coordination among different levels of education: The benchmarks that a state sets for student preparedness must align with what higher education institutions believe are necessary for success.

“Knitting higher education and K-12 together is hard to do,” Ranis said. “Legislators can, in fact, play a role in ensuring higher education and K-12 do work together.” ★

Article written by Jennifer Ginn, associate editor for CSG. She can be reached at jginn@csg.org.

State budgets: Surpluses a welcome sign, but brace for loss of federal funds and higher Medicaid costs

First, the good news on state fiscal conditions.

For the first time in several years, budget expert Scott Pattison said during a session at the Midwestern Legislative Conference Annual Meeting, many states are projecting budget surpluses — the result of a series of cost-cutting fiscal cycles, some tax increases and overall improvement in revenue collections.

But Pattison warned the region’s legislators that plenty of clouds remain overhead even as the worst of the fiscal storm seems to have passed. He pointed specifically to conditions at the federal level, the current source of 34.7 percent of total state spending.

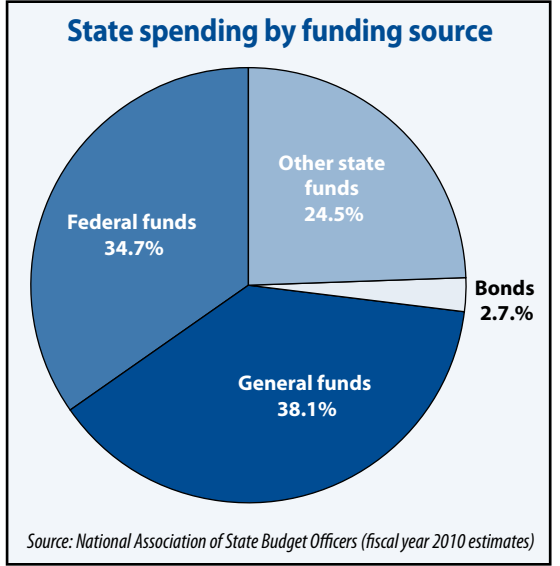
“Funds from the federal government are going to decline,” said Pattison, executive director of the National Association of State Budget Officers, noting that at in least one U.S. state, Utah, agency heads have been directed to develop plans to deal with the future loss of dollars from Washington, D.C.

That trend will strain state budgets, he said, as will continuing rises in the cost of Medicaid.

Between fiscal years 2011 and 2012, Pattison projects that state spending on the health program will rise by more than \$15 billion. In contrast, corrections expenditures are projected to increase by \$10.3 million, while expenditures in all other major spending areas — education, public assistance and transportation — are expected to fall. Over the past decade, the average annual percentage increase in Medicaid spending has been 8 percent.

“It’s unsustainable in my book,” Pattison said, particularly because economic conditions point to a “new normal” in yearly expenditure growth — at a level well below what states have become accustomed to. The upshot of these trends, he added, will be a push for more performance and outcome data to measure the value of state-funded programs. ★

Article written by Tim Anderson, publications manager for CSG Midwest. He can be reached at tanderson@csg.org.



Source: National Association of State Budget Officers (fiscal year 2010 estimates)

Illinois Sen. Don Harmon

State leader on issues such as early childhood education takes on new role as president pro tem



by Kathryn Tormey (ktormey@csg.org)

Unlike many legislators, Illinois Sen. Don Harmon didn't always plan on a career in politics or public service.

"I was not running for student council president in grade school," he jokes, "and I didn't have designs on the White House at the age of 6."

In fact, the Democrat from Oak Park had plans to be an investment banker. But when he enrolled in a joint business/law degree program at the University of Chicago, Harmon's studies soon spurred an interest in a different profession.

"When I started studying the law and the interpretation of the law, it dawned on me that perhaps the making of the law was the most important component of that process," he recalls.

This new perspective eventually led Harmon to become active in local politics in his hometown,

and completing a redistricting plan, while also making \$2 billion in budget cuts and launching a new fiscal management strategy.

"We embarked for the first time on a radical new approach to budgeting — budgeting based on outcomes rather than how much money you spent last year and how much more money you think you need this year," Harmon says.

In addition, lawmakers approved two controversial measures — one to expand gambling in the state and one to change how utilities recoup costs related to infrastructure investments — that, as of early August, were still awaiting action by Democratic Gov. Pat Quinn.

During this busy session, Harmon was also settling into his new leadership role as Senate president pro tempore. He had previously served

A: There are some great preschool programs, but they were not readily available to every child. ... [Preschool for All] created a web of new and existing preschool programs for 4- and 5-year-olds. It took advantage of the programs that were already there and tried to provide them with the resources they needed to expand. ...

[Because of limited financial resources], we have not been able to do as much as many of us hoped. But for the kids who are most at risk, there now is generally a preschool program available. ... It's not quite the equivalent of universal preschool at this point. But it's been very successful.

We also passed the All Kids program [in 2005], which provides health care coverage for all children. Early education in large part is predicated on kids being healthy enough to participate and to learn. Focusing on early childhood health, well-being and education is the most important thing government can do to position our citizens for success and [ensure] long-term health for the state.

Q: Gambling expansion has been a very controversial issue in Illinois this year. Where do you stand on adding casinos to the state?

A: I supported the bill with a caveat: If I could get into a time machine back to the early 1990s, I don't think I would have supported the initial gambling authorization in Illinois. I think it's a lousy way to run the railroad. But the fact is that we already have gambling that is pervasive in Illinois, and we're just doing it wrong.

We are hemorrhaging cash to Indiana. If you go to the riverboats on Lake Michigan in Indiana, a few minutes from the Chicago Loop, the parking lot is filled with Illinois license plates and buses that are shipping people in from Illinois to lose their money.

It makes sense to me that we would have a casino in the city center [of Chicago] somewhere. There are also some other areas [of Illinois] where there is competition from out-of-state venues and a need for some investment.

Q: How do you think your state is doing in trying to overcome its budget problems?

A: We made a lot of hard decisions over the last 12 months. The revenue package we passed in January will ... allow us for the first time to pay for state government operations out of current revenues. For far too many years, we found ways with bubble gum and paper clips to provide the taxpayers with more government services than they were paying for.

[The revenue package] was coupled with deep cuts in spending, and a lot of very important programs are going to suffer because we have to make those cuts, but you can't ask taxpayers to pay more if you can't demonstrate that you're going to be as responsible as possible and cut spending. ...

We are on the verge of fiscal sanity, and I am very concerned that we not lose that momentum. ★

I am more proud of the [legislative] institution than I am of my own personal record. I think that is an important evolution for a legislator.

a near western suburb of Chicago. His first major political post was as Democratic committeeman, and he eventually decided to run for an open state legislative seat. He was elected to the Illinois Senate in 2002, and now serves as president pro tempore of the chamber.

Leadership on a variety of issues

"When I first went down [to Springfield], I got the advice to pick one subject area and become an expert — but I failed miserably," he says. "I am a liberal-arts student at heart, and I have not been able to resist the temptation to get involved in all sorts of things."

Within his first few years in office, Harmon had already worked on passing civil rights legislation and a landmark bill expanding access to early childhood education.

The Civil Rights Act of 2003 was a reaction to several U.S. Supreme Court decisions that alarmed Harmon and his colleagues. The state measure prohibits governmental policies that have the effect of discriminating against a racial group, regardless of intent, and allows legal challenges in state or federal court.

"It's an interesting confluence of state versus federal policies," he says. "... The ability at the state level to ensure that at least our citizens have those rights protected is really important."

Harmon's ability and willingness to tackle a wide range of issues have been put to good use this year. Within the first weeks of 2011, the legislature abolished the death penalty, authorized civil unions, and revamped the tax system by increasing personal and corporate income taxes.

In mid-January, lawmakers got to work on overhauling the state's workers' compensation laws

for two years as assistant majority leader.

"I am more proud of the [legislative] institution than I am of my own personal record at this point, and I don't think that is a bad thing," he says. "I think that is an important evolution for a legislator."

In August, CSG Midwest talked to Harmon about his legislative priorities and thoughts on leadership. Here are some excerpts from the interview.

Q: You are a father of three, and supporting early childhood education has been a cornerstone of your career. Why has this been a priority for you?

A: So many of the problems we deal with today — whether it's the jail population, remedial education at the high school level, chronic unemployment or welfare — come so linearly from early childhood education or the lack thereof. If we could find a way to invest in kids from when they are born to when they are 6 years old — and get them to kindergarten happy, healthy and ready to learn — we wouldn't be wrestling with nearly as many of these issues.

There are so many kids who show up at kindergarten literally already behind. If you are not ready to go on day one of kindergarten, we are going to be fighting that fight until that kid is out of high school, and probably much longer. ...

There is so much we could do to make it easier on ourselves once those kids reach grade school if we would focus half of the energy we focus on remediation [instead] on prevention.

Q: You were very active in helping to establish the state's Preschool for All program, which aims to expand access to preschool statewide. What does the program entail?



A deal on collective bargaining

In year marked by contentious debate on public employee law, Nebraska finds consensus on reforming its unique system

by Nebraska Sen. Steve Lathrop (slathrop@leg.ne.gov)

Sparked by a lagging economy, state and municipal budget concerns, and the perception that public employees receive better wages and benefits than their private-sector counterparts, public-sector collective bargaining has come under attack.

This year, several states in the Midwest have recently enacted much-publicized measures limiting collective bargaining for their public employees.

This national trend reached Nebraska, setting a course that could have derailed our unique system for resolving labor disputes between public employers and employees. Nebraska, however, avoided the partisan political confrontation by enacting LB 397.

Signed into law in May, LB 397 maintains the balance of power between public employers and employees by keeping our unique system in place, but it also makes needed changes to the Commission of Industrial Relations (CIR) — the quasi-judicial agency that settles public-sector labor disputes.

Like many states, Nebraska allows collective bargaining between its public employers and employees. Under our system, economic items (such as wages and benefits, including health and retirement) and non-economic items (such as safety and grievance procedures) are negotiated terms and conditions. Unilateral changes to mandatory subjects of bargaining are prohibited. If negotiation results in impasse, either party may file a petition with the CIR.

The Nebraska Constitution authorizes the creation of an agency to solve public-sector labor disputes. In response to this authorization, the Nebraska Legislature created the CIR in 1947 with legislation that also prohibited public employees from striking.

In the end, we solved what many believed to be an insurmountable issue.

The CIR is composed of five part-time commissioners, all appointed by the governor, with legislative approval, for six-year terms. Commissioners are appointed based on their knowledge and experience in legal, financial, labor and industrial matters.

The CIR has jurisdiction to establish wages and conditions of employment. To do so, members of the commission must consider the overall compensation (wages and benefits) received by the employees compared to the wages and benefits of an array of comparable employers. Both negotiating parties present evidence to the CIR on what they believe to be a comparable array.

Using a selected array as its guide, the CIR then sets wages and other conditions of employment.

Significant changes to this process had not been made since 1969, but a push for major reform began last year and culminated with the actions taken this year.

Legislative members of working group that led Nebraska's collective bargaining reform



Sen. Brad Ashford



Sen. Steve Lathrop



Sen. Dennis Utter

Long road to consensus, and reform

Elected to the Legislature in 2006, I have had the privilege of serving as chair of our Business and Labor Committee since 2009.

Soon after the 2010 session concluded, I was approached by representatives of the League of Nebraska Municipalities, an outspoken voice for CIR reform.

At the time, the League raised concerns regarding the CIR's procedures for determining comparable wages: for example, the lack of consistency and standards, the failure to value retirement and health benefits, the cost of expert witnesses, and the lack of local budget control.

With these concerns in mind, we assembled a working group that included League representatives; attorneys representing both employers and employees; and Sens. Brad Ashford, Dennis Utter and myself. Sen. Ashford formerly served as a CIR commissioner, while Sen. Utter, a retired banker and arguably one of the most conservative legislative members, provided a perspective from the business community.

The group met over several months beginning in fall 2010.

At times, it was difficult to keep the parties in the room, but the increased national attention on public employees' collective bargaining, as well as the threat of a petition drive to eliminate collective bargaining in Nebraska, kept the parties focused on a solution.

Nine collective bargaining-related bills were introduced this legislative session. These measures ranged from a constitutional amendment to eliminate collective bargaining and prohibit strikes by public employees to less drastic, more thoughtful changes to the CIR process.

As more and more bills dealing with collective bargaining were introduced, interest in the subject matter by members of our Unicameral grew.

What began as a working group to address the concerns of municipalities was expanded to also address the concerns of the state of Nebraska and every type of political subdivision.

As the scope of the undertaking expanded, so too did the organizations drawn into the negotiations: for example, public school districts and teachers unions, counties and their employees, chambers of commerce, and the cities of Omaha and Lincoln.

Negotiations continued all the way through to the

81st day of our 90-day legislative session, when an agreement was finally reached. The deal represented a consensus solution arrived at by thoughtful participants who carefully balanced the interest of our public employees against the need for meaningful reform.

Passed by the Legislature on a 48-0-1 vote, LB 397 meets the goals identified by our working group.

- Standards on comparable community and employer size and job match are now specified in statute, making the CIR process more consistent and predictable.

- Benefits, including retirement and health, are given an hourly rate value, allowing credit to employers who provide better-than-average benefits.

- Employers are given more budgetary control. LB 397 establishes an acceptable wage range of between 98 percent and 102 percent of the average. If an employer's wage rate is within that range, no changes will be ordered. If the rate falls outside the range, the CIR will order either an increase to 98 percent or decrease to 102 percent. In times of recession, the acceptable range at the low end drops to 95 percent.

- The exorbitant cost of CIR cases is also addressed. LB 397 relaxes the rules of evidence, allowing experts to gather job-match and conditions-of-employment information via telephone, e-mail or mail.

In the end, we solved what many believed to be an insurmountable issue. The issue was resolved in a process not uncommon to the Nebraska Legislature: Stakeholders were brought to the table, listened to one another and developed a consensus solution. ★

Sen. Steve Lathrop has been a member of the Nebraska Unicameral Legislature since 2007.

Collective bargaining part of agenda at MLC Annual Meeting

This page serves as a forum for legislators and constitutional officers. In connection with a session on collective bargaining at this year's Midwestern Legislative Conference Annual Meeting, Sen. Steve Lathrop was asked to write a FirstPerson article about recent changes to Nebraska's public employee labor laws. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at tanderson@csg.org.

MLC Annual Meeting draws more than 550 participants to Indianapolis

In July, state legislators from around the region gathered in Indianapolis to hear from policy experts and discuss issues of importance to the Midwest. More than 550 people participated in the 66th Annual Meeting of the Midwestern Legislative Conference, which was hosted by MLC chair Rep. Scott Reske and the Indiana legislature.

The conference is an opportunity for the region's leaders to share ideas and engage in collaborative problem solving.

The first day of the conference featured sessions hosted by the MLC's five policy committees. During these meetings, policymakers discussed topics in agriculture and natural resources, economic development, energy, health and human services, and Midwest-Canada relations (see pages 2, 3, 6 and 7).

This year's keynote address was delivered by one of America's top political journalists, Ron Brownstein, who also led a panel of experts in exploring the specific policy issues faced by lawmakers in this region. Later in the meeting, NPR national political correspondent and Fox News contributor Mara Liasson talked to the MLC about recent developments in the nation's capital.

In addition to these high-profile speakers, this year's meeting agenda included a series of sessions on K-12 education, covering topics such as teacher quality, school finance, and college and career readiness (see page 7). Sarah Brown Wessling, an Iowa high school teacher and 2010 National Teacher of the Year, also shared her perspectives on school reform.

The meeting also gave the region's policymakers the chance to take part in smaller roundtable discussions on election reform, transportation finance (see page 6), and the future of collective bargaining and public employee labor law. A session for the region's fiscal leaders explored current and future trends in state budgeting (see page 7).

The MLC Annual Meeting is a family-friendly event that includes activities for guests of all ages. This year's activities for the spouses, adult guests and children of attendees included trips to the Indianapolis Zoo and the Indianapolis Museum of Art. Evening events offered attendees the chance to network with colleagues at some of Indianapolis' top locations, such as Lucas Oil Stadium and the Indianapolis Motor Speedway.

The 2012 MLC Annual Meeting will take place July 15-18 in Cleveland, Ohio.



Reske continuing focus on regional economic growth as MLC chair

How can the Midwestern states move past competing with each other for jobs and businesses in order to strengthen the overall regional economy?



Rep. Scott Reske

This was the question at the center of the Chair's Forum and Task Force meeting held during the Midwestern Legislative Conference Annual Meeting in July. It is also the topic of Indiana Rep. Scott Reske's chair's initiative.

The meeting was attended by members of the MLC Chair's Task Force on Collaborative Regional Economic Development, a panel of Midwestern legislators appointed by Reske.

"Many state legislators feel frustrated that most economic development efforts are costly and ineffective," Reske says. "Each of our states is trying to compete against each other in a costly 'arms race' that is getting us nowhere. By turning to collaboration, we can develop efforts that are long term and mutually reinforcing."

The task force discussed various mechanisms for promoting collaborative strategies in the Midwest, such as an informal network of policymakers and stakeholders or a formal compact through which states would engage in collaborative efforts. It has been charged with developing recommendations for consideration by the MLC Executive Committee.

"Without the rest of the U.S., the Midwest would still be the third-largest economy in the world," Reske says. "With that much economic activity, it is obvious cooperation on certain issues (trade, education, branding, etc) will have huge impacts."

Photos from the 2011 MLC Annual Meeting



Indiana Rep. Scott Reske, chair of the MLC, presides over the organization's July meeting in Indianapolis.



Indiana Sen. Patricia Miller, Manitoba MLA Doug Martindale and North Dakota Sen. Tim Mathern (all members of the MLC Health and Human Services Committee) participate in policy workshops on Medicaid, long-term care and health reform.



NPR national political correspondent Mara Liasson gives a luncheon presentation on current political conditions in Washington, D.C., and around the country.



Illinois Rep. Tom Holbrook and Michigan Sen. Howard Walker take part in a small-group policy discussion during the MLC Annual Meeting in Indianapolis.



Indiana Gov. Mitch Daniels welcomes legislators from around the Midwest to the state's capital city.



South Dakota Sen. Mike Vehle and Nebraska Sen. Tom Carlson were two of the many legislators who took the opportunity to network with colleagues from the Midwest.

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexington, Ky., is responsible for a variety of national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators in 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are MLC affiliate members.

Great Lakes Legislative Caucus provides forum for discussing key water issues

The ninth meeting of the Great Lakes Legislative Caucus was the group's largest event yet, with close to 60 lawmakers and others from the Great Lakes states and provinces traveling to Indianapolis for a series of sessions and discussions on critical basin-wide issues.

Minnesota Sen. Ann Rest oversaw the one-day event as caucus chair.

The meeting began with a talk by Cameron Davis, a senior advisor to the administrator of the U.S. Environmental Protection Agency, who discussed the Great Lakes Restoration Initiative — an unprecedented commitment by the federal government to fund projects that restore the lakes.

In his talk, too, Davis stressed just how valuable — and finite — the lakes are: Only 3 percent of the world's water supply is fresh water, and of that 3 percent total, only 0.3 percent is surface water.

"Clean, fresh water is more and more of a premium," Davis said. "Demand is skyrocketing."

"If we don't invest in the upkeep of our Great Lakes, if we fail to take care of them, they will not take care of us," he added.

Lawmakers discuss key Great Lakes legislation in their states

Much of the remainder of the meeting focused on the states' role in restoring and protecting a system that accounts for one-fifth of the world's fresh surface water.

During a roundtable discussion, lawmakers shared recent developments in their states.

- Indiana Sen. Joe Zakas briefed fellow lawmakers on SB 157, which was passed this year and directs the state's Environmental Quality Service Council to examine issues related to the supply and quality of Great Lakes water.

- Illinois Rep. Robyn Gabel talked to lawmakers about HB 1558. Signed into law this year, the bill creates a council to guide the state on policies related to the siting of offshore wind projects on Lake Michigan.

- Minnesota Rep. Rick Hansen provided details on a new law that strengthens his state's efforts to manage and prevent the spread of aquatic invasive



Michigan Sen. Darwin Booher (right) speaks to fellow members of the Great Lakes Legislative Caucus as Minnesota Sen. John Howe looks on. The caucus met in July in Indianapolis.

species. SF 1115 fortifies the state's inspection of boats and creates new rules for boaters and property owners.

- Ohio Rep. Dave Hall led a discussion among members about the ongoing debate over water management proposals in his state related to compliance with the Great Lakes-St. Lawrence River Basin Water Resources Compact.

In July, Ohio Gov. John Kasich vetoed HB 231, saying the measure "lacks clear standards for conservation and withdrawals and does not allow for sufficient evaluation and monitoring of withdrawals or usage."

The legislation has also been opposed by key environmental groups in Ohio.

- Michigan Sen. Howard Walker led a discussion about a package of bills in his state (SB 508-510) that would establish a new basin-wide council of Great Lakes states that guides policies on preventing the introduction and spread of aquatic invasive species.

Caucus: Accelerate study of separating Great Lakes, Mississippi River systems

Before its roundtable discussion, the caucus heard from experts on a wide range of issues — such as ongoing efforts to keep Asian carp out of the Great Lakes, the feasibility of ecologically separating the Great Lakes and Mississippi River watersheds, and the progress being made in cleaning up 43 toxic hot spots in the Great Lakes designated by the U.S. and Canadian governments as "Areas of Concern."

The caucus also lent its support to a resolution by Michigan Sen. Darwin Booher calling for the U.S. Army Corps of Engineers to accelerate its study of how to prevent the movement of aquatic invasive species through the Chicago Area Waterway System — which connects the Mississippi River and Great Lakes watersheds.

This resolution was later passed by the Midwestern Legislative Conference; it is available at www.csqmidwest.org.

For more information on the caucus, visit www.greatlakeslegislators.org.



GREAT LAKES
LEGISLATIVE CAUCUS



At the July meeting of the Great Lakes Legislative Caucus, Indiana Sen. Joe Zakas and Minnesota Sen. Ann Rest discuss a resolution regarding invasive species.



CALENDAR

UPCOMING MIDWESTERN LEGISLATIVE CONFERENCE AND COUNCIL OF STATE GOVERNMENTS EVENTS

CSG NATIONAL CONFERENCE AND NORTH AMERICAN SUMMIT

October 19-23, 2011
Bellevue, Washington

Contact: Kelly Arnold (karnold@csg.org)
800.800.1910
www.csg.org/events

AMERICA'S NUCLEAR FUTURE ~ PUBLIC MEETING CO-HOSTED BY CSG'S MIDWESTERN RADIOACTIVE MATERIALS TRANSPORTATION COMMITTEE

October 28, 2011
Minneapolis, Minnesota

Contact: Lisa Janairo (ljanairo@csg.org)
920.458.5910
www.csqmidwest.org

CSG SPRING LEADERSHIP CONFERENCE

May 17-23, 2012
La Quinta, Calif.

Contact: Kelly Arnold (karnold@csg.org)
800.800.1910
www.csg.org/events

67TH ANNUAL MEETING OF THE MIDWESTERN LEGISLATIVE CONFERENCE

July 15-18, 2012
Cleveland, Ohio

Contact: Gail Meyer (gmeyer@csg.org)
630.925.1922
www.csqmidwest.org

18TH ANNUAL BOWHAY INSTITUTE FOR LEGISLATIVE LEADERSHIP DEVELOPMENT

August 10-14, 2012
Madison, Wisconsin

Contact: Laura Tomaka (ltomaka@csg.org)
630.925.1922
www.csqmidwest.org

Correction

A July/August issue on new laws requiring photo identification of voters discussed a proposal in Kansas giving the secretary of state the ability to prosecute cases of voter fraud. This provision was not included in the final version of Kansas HB 2067. CSG Midwest regrets the error.



Four states in Midwest now hold higher credit rating than U.S.

When Standard & Poor’s lowered the credit rating of the U.S. government, it marked the first such downgrade in modern history.

It also resulted in another first: Some states now boast a higher credit rating than the U.S. government. **Iowa, Indiana, Minnesota** and **Nebraska** are among that group. Those four have a AAA rating from Standard & Poor’s, compared to the U.S. rating of AA+.

In May, Nebraska became the latest state in the Midwest to receive S&P’s highest rating. At the time, the ratings agency cited several reasons for Nebraska’s upgrade: low unemployment, relatively strong personal income growth, and a commitment to structurally balance budgets and not rely on “nonrecurring actions.”

These economic and budgetary factors, along with a state’s debt and liability profile, determine the credit rating, which, in turn, affects borrowing costs. In addition to Nebraska, **South Dakota** had its S&P rating raised this year, from AA to AA+. Here are the other S&P ratings for the Midwest: **Kansas, Ohio** and **North Dakota**, AA+; **Wisconsin**, AA; **Michigan**, A-; and **Illinois**, A+.

The credit outlook for states is not tied directly to U.S. ratings, S&P says, as long as states maintain “significant latitude to raise revenues and alter expenditures.”

2011 becomes election year due to surge in recall campaigns

Five states in the Midwest allow for the recall of state legislators, and it is an electoral procedure being used now more than ever before in the region.

This summer, more than a quarter of the Wisconsin Senate faced the prospect of being recalled; most of the nine sitting senators prevailed in their elections. Meanwhile, an effort is under way in **Michigan** to remove a legislator who serves as chair of the House Education Committee. These recall drives were launched in the two states following contentious debate over taxes, spending cuts and collective bargaining.

Kansas, Minnesota and **North Dakota** are the three other states in the region that provide for the recall of state legislators. In Kansas, a petition must include signatures equal to 40 percent of the votes cast in the previous election for the position held by the officeholder. The other states use a 25 percent requirement (usually based on votes cast by the electoral district in the previous governor’s race). In Minnesota, the state Supreme Court must determine if there are sufficient grounds for a recall. Elected officials in that state can be removed from office for one of three reasons: “malfeasance,” “nonfeasance” or a “serious crime.” Like Minnesota, Kansas sets specific grounds for a recall. That is not the case in Michigan, North Dakota and Wisconsin.

Sizing up the size of legislatures part of redistricting discussions

The latest round of redistricting has some lawmakers re-evaluating the size and number of legislative districts in their states.

In **North Dakota**, The Bismarck Tribune reports, this sort of re-examination has in the past led to a reduction in senators and representatives. The Legislature currently has 141 members, down from 159 in the 1980s. However, some lawmakers have suggested reversing this trend. Adding new members, they say, would keep already large rural districts (where population is declining) from having to greatly expand. The North Dakota Legislative Council estimates the 10-year cost of adding a district (three legislators per district) at \$1.2 million. The North Dakota Constitution allows for as many as 162 members and as few as 120.

Most constitutions in the Midwest establish the exact size of legislatures or set size limits. (The lone exception is **Minnesota**, where size is prescribed by statute.) Most states are already at their limit. One state that is not is **Nebraska**, whose Unicameral Legislature has 49 members. A proposal was made this year to increase the size to the 50-member maximum. LB 195 failed to advance, as did another proposal (LB 233) to eliminate four districts. The Unicameral must have between 30 and 50

Bills would require prompt reporting of missing children

The circumstances surrounding the disappearance and death of a young Florida girl have prompted a national movement to require parents to notify law enforcement of a missing child.

As of early August, proposed “Caylee Anthony” laws already had been introduced in **Illinois** (House bills 3799, 3800 and 3801) and **Ohio** (HB 299). Measures are being drafted or reviewed in most other Midwestern states as well, in preparation for action later this year or in 2012.

According to the Quad-City Times, the Illinois bills would make it a felony for a parent or guardian not to report a missing child under the age of 12 to law enforcement within a 24-hour period. HB 3800 would also make it a felony if the death of a child under 18 is not reported. The Ohio bill would require any case of a missing child under the age of 16 to be reported to police within 24 hours. In addition, a parent or guardian who discovers that a child is dead would have to notify authorities within one hour. Penalties for misleading public officials would also be increased.

Under bills (SB 231 and SB 380) passed in June by the **Michigan** Senate, failure to report the discovery of a dead body would be a misdemeanor — and a felony if the intent was to hide or conceal the death.